

**Second Regular Session
Seventy-third General Assembly
STATE OF COLORADO**

REREVISED

*This Version Includes All Amendments
Adopted in the Second House*

LLS NO. 22-0809.01 Megan McCall x4215

HOUSE BILL 22-1282

HOUSE SPONSORSHIP

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SENATE SPONSORSHIP

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House Committees

Business Affairs & Labor
Appropriations

Senate Committees

Business, Labor, & Technology
Appropriations

A BILL FOR AN ACT

101 **CONCERNING THE CREATION OF THE INNOVATIVE HOUSING INCENTIVE**
102 **PROGRAM.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

The bill creates the innovative housing incentive program (program) within the office of economic development (office). A business located in Colorado that manufactures certain types of housing may apply for funding through the program. Funding may be awarded through grants for capital operating expenses and for incentives for units manufactured based on criteria established by the office, such as affordability, location

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
*Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

SENATE
3rd Reading Unamended
April 29, 2022

SENATE
2nd Reading Unamended
April 28, 2022

HOUSE
3rd Reading Unamended
April 13, 2022

HOUSE
Amended 2nd Reading
April 12, 2022

where the unit is installed in the state, or meeting energy efficiency standards. Or, funding may be awarded through loans for the purpose of funding a manufacturing factory. The bill creates the innovative housing incentive program fund, requires a \$40 million transfer to the fund, and continuously appropriates all money in the fund to the office to fund the program.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **add** 24-48.5-132 as
3 follows:

4 **24-48.5-132. Innovative housing incentive program - report -**
5 **legislative declaration - definitions.** (1) THE GENERAL ASSEMBLY FINDS
6 AND DECLARES THAT:

7 (a) COLORADO IS EXPERIENCING A LACK OF AFFORDABLE HOUSING
8 AT CRITICAL LEVELS. THE STATE CONTINUES TO ATTRACT NEW RESIDENTS
9 AND JOBS, BUT WITH THIS GROWTH HAS COME EVER-INCREASING HOUSING
10 PRICES, PLACING UNSUSTAINABLE DEMANDS ON OUR LIMITED HOUSING
11 STOCK. THESE UNDERLYING ISSUES HAVE ONLY BEEN EXACERBATED BY
12 THE COVID-19 PANDEMIC.

13 (b) THE GENERAL ASSEMBLY APPROVED HOUSE BILL 21-1329,
14 ENACTED IN 2021, WHICH DIRECTED THE EXECUTIVE COMMITTEE OF THE
15 LEGISLATIVE COUNCIL TO CREATE A TASK FORCE TO MEET DURING THE
16 2021 INTERIM AND ISSUE A REPORT WITH RECOMMENDATIONS TO THE
17 GENERAL ASSEMBLY AND THE GOVERNOR ON POLICIES TO CREATE
18 TRANSFORMATIVE CHANGES IN THE AREA OF HOUSING;

19 (c) BY SUBSEQUENT EXECUTIVE COMMITTEE RESOLUTION, THE
20 AFFORDABLE HOUSING TRANSFORMATIONAL TASK FORCE AND SUBPANEL
21 (TASK FORCE), MADE UP OF LEGISLATORS, EXECUTIVE BRANCH MEMBERS,
22 AND NONLEGISLATIVE MEMBERS INCLUDING INDUSTRY EXPERTS, WAS

1 FORMED TO PROVIDE FUNDING AND POLICY RECOMMENDATIONS TO:

2 (I) ADDRESS THE ISSUE OF AFFORDABLE HOUSING;

3 (II) ACHIEVE THE GOALS OUTLINED BY THE COMMITTEE THAT
4 WERE DEVELOPED IN ACCORDANCE WITH SECTION 24-75-229 (6); AND

5 (III) SUPPORT COLORADANS AND THEIR HOUSING NEEDS; AND

6 (d) THE TASK FORCE RECOMMENDED THAT THE GENERAL
7 ASSEMBLY CREATE A PROGRAM TO PROVIDE DIRECT FUNDING FOR
8 INNOVATIVE HOUSING BUSINESSES THROUGH GRANTS THAT REIMBURSE
9 OPERATING EXPENSES, INCENTIVES FOR PER-UNIT DEVELOPMENT, AND
10 LOANS FOR FACTORY DEVELOPMENT TO FURTHER GROW THE INNOVATIVE
11 HOUSING INDUSTRY IN THE STATE AND CREATE JOBS IN THE INDUSTRY, TO
12 INCREASE THE SUPPLY OF AFFORDABLE HOUSING UNITS IN THE STATE, AND
13 TO LOWER THE COST OF AFFORDABLE HOUSING FOR LOCAL GOVERNMENTS
14 AND ORGANIZATIONS.

15 (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
16 REQUIRES:

17 (a) "COAL TRANSITION COMMUNITY" HAS THE SAME MEANING AS
18 SET FORTH IN SECTION 8-83-502 (1).

19 (b) "DIVISION" MEANS THE DIVISION OF HOUSING CREATED IN
20 SECTION 24-32-704.

21 (c) "FUND" MEANS THE INNOVATIVE HOUSING INCENTIVE
22 PROGRAM FUND CREATED IN SUBSECTION (5) OF THIS SECTION.

23 (d) "INNOVATIVE HOUSING BUSINESS" MEANS A NEW OR EXISTING
24 BUSINESS IN COLORADO WITH FIVE HUNDRED OR FEWER EMPLOYEES THAT:

25

26 (I) MANUFACTURES ONE OR MORE MANUFACTURED HOMES, AS
27 DEFINED IN SECTION 24-32-3302 (20); OR

1 (II) MANUFACTURES HOUSING IN ANY OTHER MANNER THAT THE
2 OFFICE DETERMINES TO BE INNOVATIVE AND ELIGIBLE FOR FUNDING
3 INCLUDING, BUT NOT LIMITED TO, PREFABRICATED PANELIZED
4 CONSTRUCTION, WHICH MAY INCLUDE STRUCTURAL INSULATED PANELS OR
5 INSULATING CONCRETE FORMS, 3D-PRINTED HOUSING, KIT HOMES
6 INSTALLED ON A PERMANENT FOUNDATION, OR TINY HOMES INSTALLED ON
7 A PERMANENT FOUNDATION.

8 (e) "OFFICE" MEANS THE COLORADO OFFICE OF ECONOMIC
9 DEVELOPMENT CREATED IN SECTION 24-48.5-101.

10 (f) "PROGRAM" MEANS THE INNOVATIVE HOUSING INCENTIVE
11 PROGRAM CREATED IN SUBSECTION (3) OF THIS SECTION.

12 (g) (I) "TINY HOME" MEANS A STRUCTURE THAT:

13 (A) IS PERMANENTLY CONSTRUCTED ON A VEHICLE CHASSIS;

14 (B) IS DESIGNED FOR LONG-TERM RESIDENCY;

15 (C) INCLUDES ELECTRICAL, MECHANICAL, OR PLUMBING SERVICES
16 THAT ARE FABRICATED, FORMED, OR ASSEMBLED AT A LOCATION OTHER
17 THAN THE SITE OF THE COMPLETED HOME;

18 (D) IS NOT SELF-PROPELLED; AND

19 (E) HAS A SQUARE FOOTAGE OF NOT MORE THAN FOUR HUNDRED
20 SQUARE FEET.

21 (II) "TINY HOME" DOES NOT INCLUDE:

22 (A) A MANUFACTURED HOME;

23 (B) A RECREATIONAL PARK TRAILER AS DEFINED IN SECTION
24 24-32-902 (8);

25 (C) A RECREATIONAL VEHICLE AS DEFINED IN SECTION 24-32-902
26 (9);

27 (D) A SEMITRAILER AS DEFINED IN SECTION 42-1-102 (89); OR

1 (E) AN INTERMODAL SHIPPING CONTAINER.

2 (3) (a) THERE IS CREATED WITHIN THE OFFICE THE INNOVATIVE
3 HOUSING INCENTIVE PROGRAM TO SUPPORT INNOVATIVE HOUSING
4 BUSINESSES THROUGH FUNDING FROM GRANTS AND LOANS AND THE
5 GROWTH OF AFFORDABLE HOUSING. THE OFFICE SHALL USE THE MONEY
6 SPECIFIED IN SUBSECTION (5) OF THIS SECTION FOR THE PURPOSES SET
7 FORTH IN SUBSECTIONS (3)(b) AND (4) OF THIS SECTION, IN ADDITION TO
8 ANY RELATED ADMINISTRATIVE EXPENSES.

9 (b) IN ADDITION TO THE PROVISIONS SET FORTH IN SUBSECTION (4)
10 OF THIS SECTION, THE OFFICE SHALL ESTABLISH A PROCESS FOR
11 INNOVATIVE HOUSING BUSINESSES TO APPLY FOR A GRANT OR A LOAN
12 UNDER THE PROGRAM, INCLUDING APPLICATION DEADLINES, THE
13 INFORMATION AND DOCUMENTATION REQUIRED TO BE SUBMITTED TO THE
14 OFFICE TO DEMONSTRATE ELIGIBILITY FOR A GRANT OR A LOAN, AND ANY
15 OTHER REQUIREMENTS DETERMINED BY THE DIRECTOR OF THE OFFICE TO
16 BE NECESSARY. THE OFFICE SHALL CONSULT WITH THE DIVISION,
17 INDUSTRY EXPERTS, AND STAKEHOLDERS TO ESTABLISH THE PROCESS
18 OUTLINED IN THIS SUBSECTION (3)(b). THE OFFICE MAY CONTRACT WITH
19 ONE OR MORE THIRD PARTIES TO ADMINISTER THE PROGRAM.

20 (4) (a) THE OFFICE MAY AWARD GRANTS FOR [REDACTED] OPERATING
21 EXPENSES ON A BASIS OF NO MORE THAN TWENTY PERCENT OF
22 DEMONSTRATED OPERATING [REDACTED] EXPENDITURES AND IN AN AMOUNT NOT
23 LESS THAN FIFTY THOUSAND DOLLARS; EXCEPT THAT, FOR AN INNOVATIVE
24 HOUSING BUSINESS LOCATED IN A COAL TRANSITION COMMUNITY THE
25 AMOUNT SHALL BE NOT LESS THAN SEVENTY-FIVE THOUSAND DOLLARS.
26 THE OFFICE MAY CONSULT WITH THE DIVISION, INDUSTRY EXPERTS, AND
27 STAKEHOLDERS TO CONSIDER OTHER AREAS WARRANTING AN AMOUNT

1 NOT LESS THAN SEVENTY-FIVE THOUSAND DOLLARS, INCLUDING BUT NOT
2 LIMITED TO CONCENTRATED AREAS WITH LIMITED ECONOMIC
3 OPPORTUNITY AND INADEQUATE OR POOR-QUALITY HOUSING. GRANTS
4 AWARDED FOR ■ OPERATING EXPENSES MAY BE USED FOR ■ OPERATING
5 EXPENSES INCLUDING, BUT NOT LIMITED TO, PAYROLL, INVENTORY, OR
6 MATERIALS.

7 (b) (I) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4)(b)(III)
8 OF THIS SECTION, THE OFFICE MAY AWARD GRANTS FOR
9 PERFORMANCE-BASED, PER-UNIT INCENTIVES FOR UNITS MANUFACTURED
10 BY AN INNOVATIVE HOUSING BUSINESS AND INSTALLED IN COLORADO.
11 GRANTS FOR PERFORMANCE-BASED, PER-UNIT INCENTIVES MAY BE USED
12 DIRECTLY BY THE INNOVATIVE HOUSING BUSINESS OR MAY BE PASSED ON
13 TO ANY SUPPLY CHAIN PARTICIPANT AS A REDUCED COST OR BENEFIT FOR
14 THAT PARTICIPANT.

15 (II) THE OFFICE SHALL ESTABLISH THE INCENTIVES FOR WHICH A
16 UNIT MANUFACTURED BY AN INNOVATIVE HOUSING BUSINESS MAY
17 QUALIFY, WHICH MAY VARY, AND MAY INCLUDE AS CONSIDERATION FOR
18 A BASE INCENTIVE DIFFERENT LEVELS OF AFFORDABILITY TO THE END
19 USER, WITH ADDITIONAL CUMULATIVE INCENTIVES FOR INSTALLATION IN
20 CERTAIN AREAS OF THE STATE AS IDENTIFIED BY THE OFFICE, RESILIENCY
21 CRITERIA, COMPLIANCE WITH INTERNATIONAL ENERGY CONSERVATION
22 CODE REQUIREMENTS, OR ENERGY EFFICIENCY SUCH AS PRE-WIRING FOR
23 SOLAR IMPROVEMENTS, HOME ENERGY RATING SYSTEM SCORE OF FIFTY OR
24 LESS, AND NEAR NET-ZERO ENERGY EFFICIENCY. THE OFFICE, IN
25 CONSULTATION WITH THE DIVISION, INDUSTRY EXPERTS, AND OTHER
26 STAKEHOLDERS, MAY DETERMINE OTHER OPPORTUNITIES FOR ADDITIONAL
27 INCENTIVES. IN ORDER TO IDENTIFY CERTAIN AREAS OF THE STATE

1 ELIGIBLE FOR ADDITIONAL CUMULATIVE INCENTIVES PURSUANT TO THIS
2 SUBSECTION (4)(b)(II), THE OFFICE MAY CONSIDER WHETHER THE AREA
3 HAS LIMITED ECONOMIC OPPORTUNITY OR INADEQUATE OR POOR-QUALITY
4 HOUSING, WHETHER THE AREA HAS A LACK OF HOUSING INVENTORY,
5 ESPECIALLY WORKFORCE HOUSING, DUE TO POPULATION MIGRATION FROM
6 URBAN AREAS, AND OTHER RELEVANT DATA AS DETERMINED BY THE
7 OFFICE.

8 (III) AN INNOVATIVE HOUSING BUSINESS IS NOT ELIGIBLE TO
9 RECEIVE ANY GRANT FOR PERFORMANCE-BASED, PER-UNIT INCENTIVES SET
10 FORTH IN THIS SUBSECTION (4)(b) FOR UNITS INSTALLED IN A MOBILE
11 HOME PARK, AS DEFINED IN SECTION 38-12-201.5 (6), THAT IS OWNED BY
12 A FOR-PROFIT ENTITY OR FOR-PROFIT INDIVIDUALS.

13 (c) (I) THE OFFICE MAY AWARD LOANS TO FUND A NEW PRIVATELY
14 OWNED HOUSING FACTORY OR THE EXPANSION OF AN EXISTING PRIVATELY
15 OWNED HOUSING FACTORY LOCATED IN THE STATE BY AN INNOVATIVE
16 HOUSING BUSINESS THAT PRODUCES A PERCENTAGE OF AFFORDABLE
17 HOUSING UNITS THAT ARE INSTALLED IN THE STATE. THE OFFICE MAY
18 ESTABLISH LOANS, OR A PORTION OF LOANS, AWARDED THROUGH THE
19 PROGRAM AS REVOLVING LOANS.

20 (II) IN CONSULTATION WITH THE DIVISION, THE OFFICE SHALL:

21 (A) ESTABLISH A FAIR AND RIGOROUS OPEN COMPETITION PROCESS
22 AMONG ELIGIBLE APPLICANTS TO AWARD LOANS; AND

23 (B) REVIEW LOAN APPLICATIONS AND THE APPROVAL OF LOAN
24 AWARDS, WHICH MAY INCLUDE NEGOTIATIONS WITH AN APPLICANT.

25 (III) PARAMETERS AND ELIGIBILITY TO BE CONSIDERED FOR A
26 LOAN UNDER THE PROGRAM MAY INCLUDE, BUT ARE NOT LIMITED TO:

27 (A) AN APPLICANT'S WILLINGNESS TO DEDICATE A PORTION OF ITS

1 PRODUCTION FOR PURCHASE BY NONPROFIT OR PUBLIC HOUSING AGENCIES
2 AT A REDUCED PRICE OR MARGIN OR A PORTION OF ITS PRODUCTION FOR
3 PURCHASE BY INDIVIDUALS OR ORGANIZATIONS PROVIDING AFFORDABLE
4 HOME OWNERSHIP OPPORTUNITIES, INCLUDING OPPORTUNITIES THAT
5 PROMOTE LONG-TERM AFFORDABILITY;

6 (B) AN APPLICANT'S OPERATIONAL CAPABILITY AND FINANCIAL
7 VIABILITY AND SUSTAINABILITY;

8 (C) THE LEVEL OF SUBSIDY REQUIRED BY THE APPLICANT IN THE
9 INTEREST RATE STRUCTURE, THE DEGREE TO WHICH THE LOAN IS
10 FORGIVABLE, POSITION IN THE CAPITAL STACK, OR OTHER TERMS OF THE
11 LOAN;

12 (D) AN APPLICANT'S COMMITMENT TO PRODUCTION OF
13 AFFORDABLE HOUSING UNITS WITHIN THE PROPOSED FACTORY;

14 (E) THE ECONOMIC IMPACT OF THE PROPOSED FACTORY IN THE
15 COMMUNITY WHERE IT WILL BE LOCATED, INCLUDING JOB CREATION; OR

16 (F) AN APPLICANT'S COMMITMENT TO PRODUCTION OF ENERGY
17 EFFICIENT UNITS WITHIN THE PROPOSED FACTORY.

18 (IV) THE OFFICE AND THE DIVISION SHALL COLLABORATE ON
19 REVIEWING LOAN APPLICATIONS AND THE APPROVAL OF LOAN AWARDS. IN
20 CONNECTION WITH THE REVIEW OF LOAN APPLICATIONS AND AWARDS, THE
21 OFFICE SHALL SOLICIT INPUT FROM A STAKEHOLDER GROUP THAT
22 INCLUDES REPRESENTATIVES FROM THE OFFICE, THE DIVISION,
23 GEOGRAPHICALLY DIVERSE INDUSTRY EXPERTS, AFFORDABLE HOUSING
24 EXPERTS, AND OTHER RELEVANT STAKEHOLDERS.

25 (V) THE OFFICE MAY CONTRACT WITH A THIRD-PARTY ENTITY,
26 SUCH AS THE COLORADO HOUSING AND FINANCE AUTHORITY CREATED IN
27 SECTION 29-4-704 (1), TO ADMINISTER PROGRAM LOANS. IF THE OFFICE

1 CONTRACTS WITH THE COLORADO HOUSING AND FINANCE AUTHORITY, THE
2 OFFICE MAY DO SO WITHOUT A COMPETITIVE PROCUREMENT PROCESS.
3 LOAN TERMS AND AGREEMENTS SHALL BE SET BY THE THIRD-PARTY
4 ENTITY IN ACCORDANCE WITH THE TERMS AGREED TO IN THE LOAN
5 APPLICATION REVIEW AND NEGOTIATION PROCESS.

6 (5) (a) THE INNOVATIVE HOUSING INCENTIVE PROGRAM FUND IS
7 HEREBY CREATED IN THE STATE TREASURY. THE FUND CONSISTS OF
8 MONEY TRANSFERRED TO THE FUND IN ACCORDANCE WITH SUBSECTION
9 (5)(e) OF THIS SECTION, ANY OTHER MONEY THAT THE GENERAL ASSEMBLY
10 APPROPRIATES OR TRANSFERS TO THE FUND, AND ANY GIFTS, GRANTS, OR
11 DONATIONS CREDITED TO THE FUND PURSUANT TO SUBSECTION (5)(b) OF
12 THIS SECTION.

13 (b) THE OFFICE MAY SEEK, ACCEPT, AND EXPEND GIFTS, GRANTS,
14 OR DONATIONS FROM PRIVATE OR PUBLIC SOURCES FOR THE PURPOSES OF
15 THIS SECTION. THE OFFICE SHALL TRANSMIT ALL MONEY RECEIVED
16 THROUGH GIFTS, GRANTS, OR DONATIONS TO THE STATE TREASURER, WHO
17 SHALL CREDIT THE MONEY TO THE FUND.

18 (c) THE STATE TREASURER SHALL CREDIT ALL INTEREST AND
19 INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEY IN THE
20 FUND TO THE FUND.

21 (d) MONEY IN THE FUND IS CONTINUOUSLY APPROPRIATED TO THE
22 OFFICE FOR PURPOSES SPECIFIED IN THIS SECTION. THE OFFICE MAY
23 EXPEND UP TO TWO PERCENT OF THE MONEY TRANSFERRED TO THE FUND
24 PURSUANT TO SUBSECTION (5)(e) OF THIS SECTION ON AN ANNUAL BASIS
25 TO PAY FOR ITS DIRECT AND INDIRECT COSTS IN IMPLEMENTING AND
26 ADMINISTERING THIS SECTION.

27 (e) ON JULY 1, 2022, THE STATE TREASURER SHALL TRANSFER

1 FORTY MILLION DOLLARS OF MONEY FROM THE AFFORDABLE HOUSING AND
2 HOME OWNERSHIP CASH FUND, CREATED IN SECTION 24-75-229 (3)(a),
3 THAT ORIGINATES FROM THE GENERAL FUND TO THE FUND.

4 (6) (a) ON OR BEFORE SEPTEMBER 1, 2022, AND ON OR BEFORE
5 SEPTEMBER 1 OF EACH YEAR THEREAFTER, INNOVATIVE HOUSING
6 BUSINESSES PARTICIPATING IN THE PROGRAM SHALL PROVIDE AN ANNUAL
7 REPORT TO THE OFFICE. THE REPORT SHALL INCLUDE:

8 (I) THE NUMBER OF UNITS THE INNOVATIVE HOUSING BUSINESS
9 BUILT IN THE YEAR;

10 (II) THE NUMBER OF UNITS BUILT BY THE INNOVATIVE HOUSING
11 BUSINESS AND INSTALLED IN THE STATE;

12 (III) THE NUMBER OF NET NEW JOBS IN THE STATE CREATED BY THE
13 INNOVATIVE HOUSING BUSINESS; AND

14 (IV) ANY OTHER INFORMATION REQUIRED OR REQUESTED BY THE
15 OFFICE.

16 (b) ON OR BEFORE NOVEMBER 1, 2022, AND ON OR BEFORE
17 NOVEMBER 1 OF EACH YEAR THEREAFTER, THE OFFICE SHALL SUBMIT A
18 REPORT DETAILING THE EXPENDITURE OF MONEY FROM THE FUND TO THE
19 GENERAL ASSEMBLY. AT A MINIMUM, THE REPORT MUST INCLUDE
20 INFORMATION FOR THE PAST FISCAL YEAR CONCERNING:

21 (I) THE NUMBER OF INNOVATIVE HOUSING BUSINESSES APPLYING
22 TO THE PROGRAM;

23 (II) THE PERCENTAGE OF APPLICANTS FUNDED AND AVERAGE RATE
24 OF FUNDING UNDER THE PROGRAM, INCLUDING DETAIL ON WHAT TYPE OF
25 HOUSING THE INNOVATIVE HOUSING BUSINESSES THAT RECEIVE FUNDING
26 MANUFACTURE; AND

27 (III) THE GEOGRAPHIC DISTRIBUTION OF THE APPLICANTS FOR AND

1 RECIPIENTS OF GRANTS AND LOANS.

2 (c) NOTWITHSTANDING THE REQUIREMENT IN SECTION 24-1-136
3 (11)(a)(I), THE REQUIREMENT TO SUBMIT THE REPORTS REQUIRED IN THIS
4 SUBSECTION (6) CONTINUES INDEFINITELY.

5 **SECTION 2. Safety clause.** The general assembly hereby finds,
6 determines, and declares that this act is necessary for the immediate
7 preservation of the public peace, health, or safety.